

WHITE PAPER

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SINGAPORE

2018 IMMIGRATION OUTLOOK FOR GLOBAL BUSINESS

FEBRUARY 2018





# 2018 IMMIGRATION OUTLOOK

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Singapore's reputation for transparency, pro-business policies, trusted legal and corporate governance systems along with its strategic position between East and West offers global businesses a great location to expand into the fast growing markets of China, India and Southeast Asia.

Increasingly in Singapore, as in many other nations, there is significant focus on the number of foreign workers, the ratio of local to foreign employees, protecting the Singapore core and developing leaner workforces. Individually each of these issues raises challenges for multinational companies operating in Singapore—taken together, they sound many alarm bells.

What does this mean for your company, your hiring of foreign workers, and your business growth in Singapore?



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# BACKGROUND: MODERATING FOREIGN LABOUR

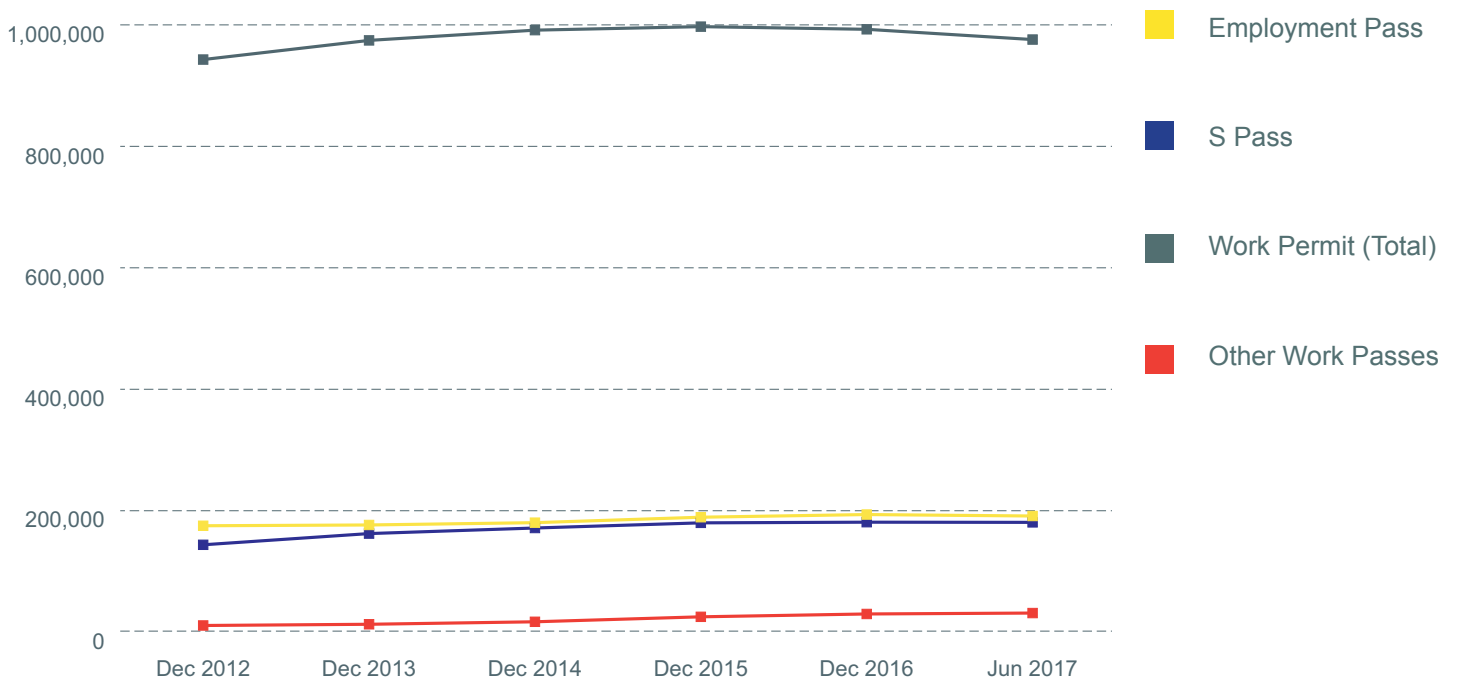
Singapore's evolving immigration policies continue to impact businesses through increased scrutiny of foreign manpower profiles, Employment Pass applications and hiring practices. One of the primary mechanisms that the government has used to monitor the employment of local workers in recent years is the Fair Consideration Framework (FCF).

The framework was introduced in 2014 as part of the government's overall strategy to promote fair employment practices and to strengthen the Singaporean core in the local workforce. This was the first step the Ministry of Manpower (MOM) took in response to local public outcry about foreign workers taking local jobs. The aim was to

moderate the growth of the foreign workforce to maintain the delicate equilibrium between protecting and nurturing the local workforce, and to focus these measures in order to sustain long-term growth and expansion of the Singapore economy.

Prior to the FCF, the MOM had already made a concerted effort to reduce the number of foreign worker approvals by 50 percent over a two- to three-year period. In 2011-12, there were approximately 77,000 approvals; in 2013 that number dropped to 33,000. Despite the substantial drop in the number of approvals each year, the biggest cuts have been in the work permit category, while the number of EP and S Pass holders has continued to grow since the introduction of the FCF.

## FOREIGN WORKFORCE NUMBERS







# RECENT POLICIES TO STRENGTHEN LOCAL WORKFORCE

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As the FCF has evolved, the government continues to focus on transparency of available jobs and protecting the local workforce by ensuring that hiring practices are fair. The government has rolled out new support programmes and revised many of its policies and practices as a result of tracking selections made on applications and gathering feedback by MOM, TAFEP and Workforce Singapore.

In 2016, a rise in unemployment prompted policy makers to strengthen Singapore's emphasis on developing the local workforce. The government introduced the "Adapt and Grow" campaign supported by Skillsfuture, under the new WSG umbrella to help address this. These programmes are highly subsidised – up to 90% of salary in some programmes for a specific period.

Some of the programmes are:

- Lean Enterprise Development Scheme (LEDS)
- Professional Conversion Programme (PCP)
- Career Support Programmes (CSP) – reference to this is included on the National Job Bank advertisement.
- P – Max – Place and train. Place and train older, more experienced workers that have a proven track record in another industry sector.

Aside from the Fair Consideration Framework and Workforce Singapore, other government departments are taking steps to address challenging economic conditions, rising competition, and disruption from technological advances. In September 2016, the Ministry of Trade and Industry introduced the concept of Industry Transformation Maps (ITM). Each ITM will be tailored to the needs of a specific industry and will examine the sector's landscape, and its future trends and needs in order to set out a suite of initiatives to systematically raise productivity, develop skills, drive innovation, and promote internationalisation, and generally gear Singapore towards a more manpower-lean workforce.



# ECONOMIC INDICATORS: FOREIGN LABOUR STILL IN DEMAND

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The economy grew last year by 3.5 percent but even with policies promoting innovation, increasing productivity, developing the local workforce, creating better opportunities and a more manpower-lean workforce, Singapore still faces a major challenge in being able to maintain that economic growth.

The local population is getting older; the ratio of old to young has gone from 1:7 to 1:4.7

The city-state will face a double whammy: a shrinking workforce and slower progress than Asian neighbours in getting more people into the labour market. According to a new study from Oxford Economics, Singapore's labour supply growth – after accounting for changes to the participation rate – will shrink by 1.7 percentage points in the 10 years through 2026, and by 2.5 percentage points in the decade after that. The reality of this is that local employment growth will stagnate.

What that means for global businesses based in Singapore is that foreign workers are and will continue to be needed.

The Minister of Manpower has acknowledged the bottleneck in local employment growth and addressed the continued need for skilled foreign workers to help fill labour gaps:

*“In the process, if you need to have some short-term flexibility on our foreign worker policy, we are prepared to consider– on the condition that there is a clear action plan to upgrade, to transform.”*

The government has also acknowledged that in order for Singapore to achieve its goals of future industry transformation, employment growth and economic development, employers must adopt a new mindset with the following priorities.

1. Consider workers as “Human Capital” (HC) – an asset to be invested in and nurtured with value appreciating over time rather than “Human Resource” (HR) – a commodity to be acquired and utilised with value depreciating over time.
2. Move to skills-based recruitment and development practices rather than qualifications-based. It means not being too reliant on educational qualifications and years of experience as proxies for candidates' suitability, but instead develop competency assessment tools or work trials that holistically assess job fit.
3. Promote an inclusive workplace through fair consideration for jobs and adopting progressive workplace practices. This allows employers to reach a wider pool of talent and bring about better business performance and higher employee engagement.

# BUSINESS PLANNING AND SELF-ASSESSMENT

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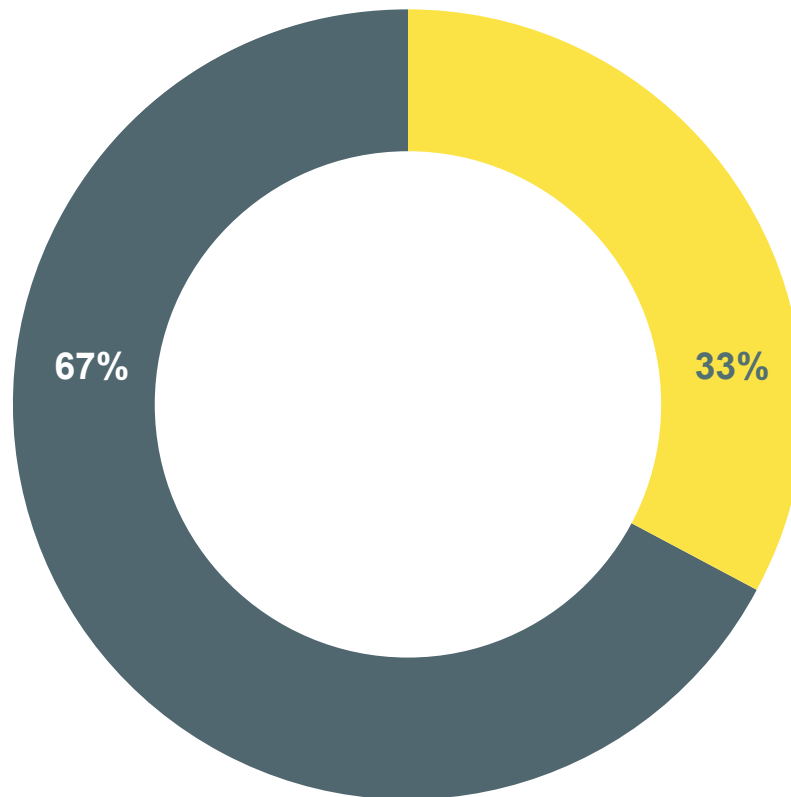
Businesses need to rethink how they manage not only their foreign workforce, but also their local workers. The Ministry of Manpower continues to emphasise that a quota for Employment Passes is not on the agenda; however, there have been many references to the workforce being enhanced by foreign workers with an unofficial guideline of 2:1.

Businesses should be regularly reviewing their workforce population to check whether they are adhering to the guideline.

While labour authorities are certainly focused on strengthening the Singapore core, they are also open to other considerations that can help companies to stay strong in Singapore. If your company has a high ratio of foreign workers and is potentially at risk, you need to start implementing strategies to help manage this risk. Consider the following action items:

- Be conscious of your “brand” and what it can offer to the local economy and community. Being a desirable brand that Singapore wants to retain can hold significant influence.

## SINGAPORE WORKFORCE



■ Local workforce    ■ Foreign workforce

# BUSINESS PLANNING AND SELF-ASSESSMENT

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- Engage your organisation with the local government investment agencies. Also, make sure that your organisation is engaged with your industry governing body (IMDA, MAS, etc.). Earlier we quoted the Minister of Manpower regarding its willingness to allow “short term flexibility” on foreign worker policies—your industry governing bodies are the contacts to help advocate on your behalf. They will also be able to advise on what you need to do to create and present a “clear action plan to upgrade, to transform.”
- Be proactive and approach the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP). Your aim should be to become a Human Capital Partnership member and enjoy the benefits that are offered. TAFEP wants to be an enabler of fair and progressive employment practices. Their function is not to monitor companies on the watch list—they invite employers to engage with them on many levels. They have an Employers’ Pledge for fair employment practices, and local businesses should at a minimum begin signing up for this pledge.

The five key principles of Fair Employment Practices are:

- Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- Treat employees fairly and with respect and implement progressive human resource management systems.
- Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.
- Reward employees fairly on the basis of their ability, performance, contribution and experience.
- Comply with the labour laws and abide by the Tripartite Guidelines on Fair Employment Practices.

The first principle has the largest impact on the employment of foreign workers. The sudden introduction of new declarations about an employer’s recruitment efforts on the EP application is testament to the MOM’s and TAFEP commitment to the FCF.

TAFEP’s unrealistic expectation is that all applicants who apply for a position on the NJB should be interviewed. This may not be feasible in practice, so the best approach is to have a robust selection and interview process. Although many multinational companies consider it discriminatory to ask a candidate’s nationality up front, if you plan on employing in Singapore you will need to be able to answer that question.

The new “dashboard” format of the NJB is a further indication that authorities are checking on each company’s commitment to fair employment practices. The applicants are being counted and the downloading of applications for review is being recorded, as are the number of successful applicants.

# CORPORATE STRATEGIES IN CURRENT ENVIRONMENT

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## MANAGE YOUR RECRUITMENT PROCESSES.

The government agencies talk to each other and share information, so you need to ensure that your recruitment practices and records are detailed, fair and do not have the potential to get you in trouble. If you are a large organisation, with many advertisements on the NJB, your HR recruitment team should manage the process. WSG will come out to employers and ask questions or propose candidates for roles.

- Advertise widely, not just in the NJB
- Keep detailed records on all applications that include:
  - Who was shortlisted
  - Who was interviewed
  - If they are not successful, why
  - Were job offers made
  - Were the offers accepted/refused
  - Reasons for refusal

**BE SELECTIVE.** There is now more focus on the calibre of foreign workers in Singapore, as the MOM is ensuring that those foreign workers coming to Singapore are bringing a high level of experience and expertise to help train the local population to be a globally competitive workforce.

This also ties in with being more selective of job titles and the “occupations” you utilise when you are filing a work pass application. In many cases, categories like Analyst, Specialist and Associate are over-used, which may indicate that these roles are more generic or administrative. If the MOM were to look at this information collectively for your organisation, would you be able to justify employing so many foreigners in generic or administrative roles?

Instead of employing a new foreign graduate for a lower-level admin job, look for an established local who has had a great work record but has been re-trenched and is willing to be retrained. This offers an ideal opportunity to work with the government agencies such as Work Force Singapore and engage in one of the community-level collaborations such as [R<sup>3</sup> \(Recruit, Reskill, Retain\)](#).

## LEAD THE WAY WITH TRAINING AND MENTORING PROGRAMMES.

One of the most frequently selected responses that we see on the FCF questionnaire is that Singaporeans do not have as good soft skills or technical knowledge as the other candidates. Show that your organisation wants to counteract this skills gap by putting in place training programmes in communication and emotional intelligence (EI).

Singapore wants to be able to look ahead and identify what kinds of jobs will be created and what kinds of skills it will need. Engaging with local Institutes of Higher Learning to develop new courses, identify industry skills gaps and support the development of the students who are potential future business leaders at an early stage, is a really great way to engage and be recognised as a part of the community. Assist in designing courses that will help meet future business needs. Offer internships that give real on-the-job experience and that can be incorporated into the relevant degree.

Attend recruitment and career fairs organised by the universities or local government bodies. Universities/Institutes of Higher Learning have various career fair events and are very open to collaborating with global companies. You could consider holding forums where you contribute content to assist graduates to make informed

# CORPORATE STRATEGIES IN CURRENT ENVIRONMENT

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choices of possible career avenues in your respective industry. Or offer one-on-one consultations with leaders within your company to advise on how to make portfolios stand out and to hear what senior leaders and recruiters are looking for when evaluating candidates.

Transfer of knowledge is a key factor in the continuing goal of building a strong Singaporean core in many industry sectors such as biomedical sciences, digital media animation and aerospace. In many countries it is a requirement that a local employee hold the same position as the foreigner – perhaps use this type of approach for one-on-one mentoring programmes.

Implement clearly-defined career progression strategies for each role in your company. Explicitly outline the technical and soft skill requirements so that it is very clear what accomplishments an employee needs in order to progress to more senior roles.

**REFINE AND ASSESS ASSIGNMENTS AND IMMIGRATION STATUS.** If you have a lot of short-term assignments and business travellers, consider changing your policy, so that assignment lengths match the immigration options that are more readily available.

Revise short-term assignment durations to 30 days as the EP application for this period does not require an advertisement. The 30-day EP cannot be extended or renewed. It can be reapplied for three months after the expiry date. If it is cancelled before the 30 days expires, the repeat application still needs to be three months from the expiry date rather than from the cancellation date.

Alternatively, if you can't shorten the term of the

assignment, apply for an EP with a validity that reflects the length of the actual assignment.

Another option is to restructure short-term assignments into training assignments. The Training Employment Pass does not require an advertisement or a minimum salary. However, you do need to put a structured training plan in place. The training plan could be quite generic to cover multiple roles or it could be specific to one position.

Consider using the ICT (Intra Company transfer) option for more senior, specialised assignments that require foreign colleagues to initiate operations and facilitate the transfer of knowledge when building a new office or team. The MOM currently recommends a five-year limit on ICTs, but this can be managed.

All these options will still impact your foreign-to-local ratio and may still require additional supporting documentation but it shows “intention” at the point of filing that the pass is only actually required for a defined period. The down side, however, is that if you have “repeat” assignments, you will need to apply for new passes.

Encouraging your foreign workforce to apply for Permanent Resident (PR) status in Singapore is also an option. Applications are now processed through an online platform. Any work pass holder may apply for PR, and the employer is required to complete a section of the application—not in the context of actually sponsoring the application, but more to confirm employment. The processing time is still a minimum of 4-6 months and we see a high rejection rate. A consideration, if you do decide to support third party services fees associated to the PR application would be to “bond” the employee to your business for a period time after approval.





# CONCLUSION

The current population breakdown for Singapore reflects the government's unwritten ratio of 2 locals to 1 foreigner. This is a result of the downward trend in the marine and construction sectors, but also the introduction of the Fair Consideration Framework.

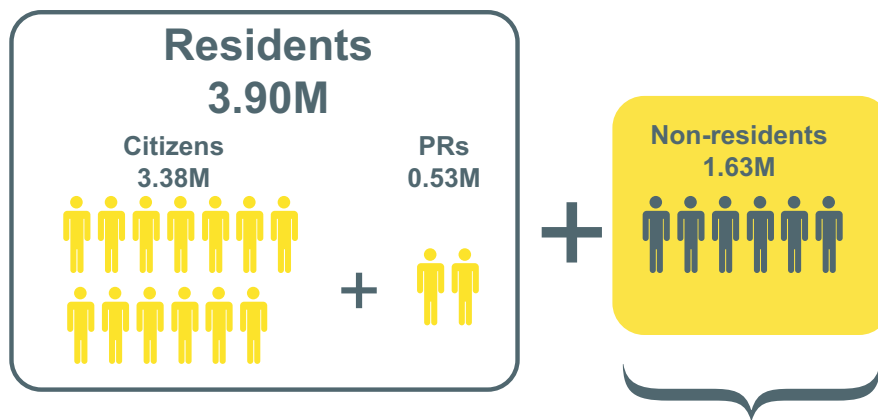
The tightening in work pass criteria and scrutiny on applications, employment practices and ratios will continue.

When completing the new FCF response related to your recruitment practices, give honest clear

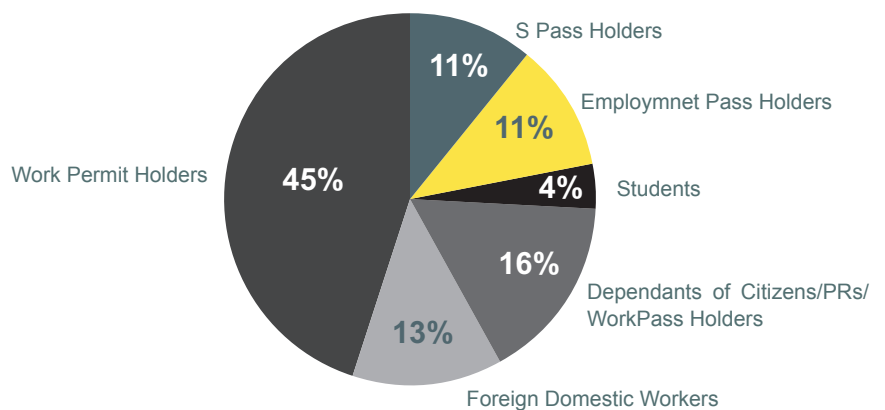
answers. When completing the FCF table with regards to the number of Singaporean citizens, permanent residents and foreigners that applied, where considered, where interviewed, the absolute minimum figure to include should match the numbers that are visible on the National Job Bank advertisement.

Employing a foreign worker in Singapore is no longer merely a function of checking the right boxes on the application. Your company's brand profile, recruitment practices and training opportunities are now the key to staying strong in Singapore.

## Total Population - 5.54M



### Breakdown of Non-Resident Population



Numbers may not sum up due to rounding

Sources: Department of Statistics, Ministry of Manpower and Ministry of Trade and Industry.



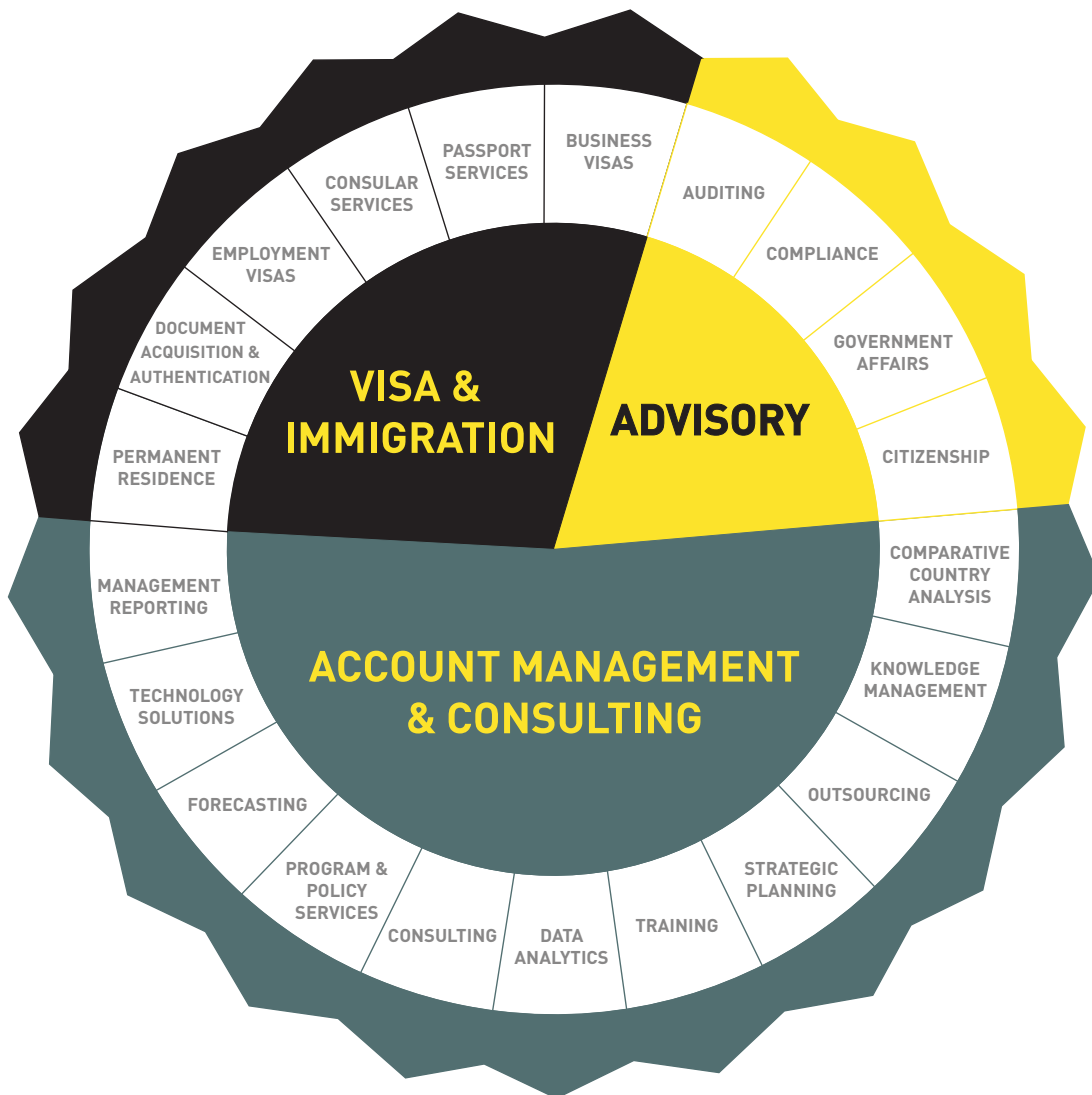
1-10 Central-station



# CORPORATE IMMIGRATION IS COMPLEX

Today's global enterprises face a particularly daunting challenge: getting the right people to the right global locations at the right time in full compliance. This challenge requires up-to-the-minute understanding of the world's legal complexities and the capabilities to deliver truly meaningful solutions.

Our approach generates results—and confidence. We understand corporate immigration and how to get things done. Efficient execution is vital, but true effectiveness requires a holistic approach and a true partnership. We don't seek to simply answer a question or even to deliver a solution. Instead, we dig deeper to understand the business context behind your question or your need. As your business partner, we then develop more innovative, more bespoke, and more meaningful advice and solutions that reflect our unsurpassed knowledge and technological capabilities.



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